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NOTICE OF NONCOMPLIANCE

CERTIFIED MAIL NO.P536169451
RETURN RECEIPT REQUESTED

Jumbo Mining Co. Mr. Ed B. King &305 Fern Spring Cove Austin, TX 78730

Dear Mr. King:

Inspection of the Jumbo Mine and millsite area has shown that you have apparently abandoned the site and have not completed the reclamation necessary to fulfill your obligations under 43 CFR 3809, promulgated in accordance with the Federal Land Policy and Management Act 43 USC 1701 et. seq. In addition we have learned that you have been served with a Finding of Alleged Violation by the State of Nevada Division of Environmental Protection for failure to comply with the provisions of NAC 445.144, NRS 445.221, NRS 459.515, and conditions of permit NEV60010.

Failure to reclaim constitutes unnecessary and undue degradation, a violation of 43 CFR 3809.1-1 and 93809.1-3(d)(3), and failure to comply with Federal or State water quality and solid waste disposal standards is a violation of 93809.1-3(d)(4), 93809.2-2(b) and (c).

Your reclamation responsibilities include but may not be limited to:

1) Reshaping and revegetating mine waste dumps. This reshaping shall cause the dumps to drain properly, blend appropriately with the surrounding topography, and produce slopes no steeper than 2:1. Revegetation shall produce a cover of native or acceptable introduced species sufficient to prevent excessive amounts of erosion when compared with nearby undisturbed sites. A cover density equivalent to 50% of the local undisturbed areas should be sufficient to accomplish that goal.

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Stabilization of the access road from the mine to the mill. This involves the construction of water-bars and otherwise configuring the road to drain properly and prevent erosion. Complete and proper remediation and closure of the millsite facilities. including reshaping the heap leach pads, closure of the ponds and removal of debris left on the site. The entire site will be scarified and seeded with an appropriate mixture of native and/or introduced species. 41 Reclamation is not complete as long as an operator-caused unmitigated hazard to public health and safety exists on the site. Within 30 days from the receipt of this Notice of Noncompliance please contact Scott Billing, Area Manager, or Ken Loda, Geologist, at the above address, providing a schedule for the accomplishment of the required activities. Onthe ground activities shall commence no later than 60 days after the receipt of this Notice of Moncompliance. Failure to comply with the regulations and this decision, or otherwise

Failure to comply with the regulations and this decision, or otherwise continuing in noncompliance, is grounds to seek a court order enjoining you and your company from any further operations, require the submission of a Plan of Operations when a Notice would normally be sufficient (on any project proposed by your company on BLM lands), and require that a reclamation bond be posted before continuing operations (43 CFR 3809.3-2(3)). We trust none of these actions would become necessary.

You have the right of appeal to the Nevada State Director, Bureau of Land Management, in accordance with 43 CFR 3809.4. If you exercise this right, your appeal, accompanied by a statement of reasons and any arguments you wish to present which may justify reversal or modification of the decision, must be filed in writing at this office within 30 days after the receipt of this decision. This decision will remain in effect during appeal unless a written request for a stay is granted.

If you have any questions you may contact Ken Loda, Geologist, at the above address or phone (702) 623-1500.

Thank you for your cooperation in this matter.

Sincerely yours,

District Manager

cc: Humboldt County Commission
Nevada Division of Environmental Protection
Nevada Department of Human Resources, Health Division